IT Initiative Supplement
April 30, 2010

I. Project Description

Project Title: ITO 1-7 HD – Annual Software Maintenance

Brief Description of the Project Title: Housing Division pays annual fees for ongoing software upgrades and maintenance necessary for operating the division's software applications.

Statewide Priority:

Agency Priority: 2

Estimated Completion Date: 06/30/2013

IT Project Biennium: FY12

Request Number: Commerce IT Strategic Plan Initiative #2
            EPP/Budget Ref: 7410

Version: 1

Agency Number: 6501

Agency Name Department of Commerce

Program Number: 74

Program Name: Housing Division

A. Type of Project (check all that apply)
  Enhancement
  Replacement
  New
  O&M   X

B. Type of System (check all that apply)
  Mid-Tier   X
  Mainframe
  GIS
  Web
  Network
  Desktop

II. Narrative

C. Executive Summary

Project Purpose and Objectives:
Project Purpose: To keep Housing Division's software up to date and operating accurately and efficiently.

Board of Housing (BOH) Project Objectives: Accurate and timely records for Montana mortgages purchased, homeowners' monthly payments on 11,000 mortgages, investment deposits or withdrawals, payments to bondholders and financial reporting.

PBS8 and TBS8, HOME: primary software applications are HDS, HAPPY, EMPHASYS. These applications are purchased software products and as a result ongoing support agreements are maintained with the vendors that have produced the software. These support agreements include updates to the software to address errors or enhancements that must be made to comply with changes in the industry. These agreements often include ongoing training for the software users or internal technical support personnel. In some cases these support agreements are a critical component in keeping these systems up to date and operating properly.

Technical Implementation Approach: Not Applicable

Project Schedule and Milestones: Not Applicable

D. Business and IT Problems Addressed
The Housing Division of the Department of Commerce does not maintain a software development staff and relies on software that is available in the market for purchase. As a result, once procured and implemented, the software must be maintained and supported to ensure it continues to operate properly and perform the needed business processing functions. Rarely are these services available from another source, and when available, are typically much more expensive. Vendor sponsored annual training keeps BOH, Tenant Based and Project Based Section 8 Housing, and HOME support staff current with software modifications, on-going software development, and government housing finance industry compliance and reporting requirements as put into operation through the enterprise software.

E. **Alternative(s)** BOH: None **-** The software licensing includes an ongoing-support agreement. Failure to maintain a support agreement with the vendor invalidates BOH legal rights to use the software.
Alternatives Considered: None
Rationale for Selection of Particular Alternative:

Alternative(s) PBS8 and TBS8, HOME: None – Ongoing support is maintained through the annual licensing agreements with HDS, HAPPY, and EMPHASYS.
Alternatives Considered: None
Rationale for Selection of Particular Alternative:

F. Narrative Detail

III. Costs

G. Estimated Cost of Project:
   1. Personnel Services – IT Staff: $0
   2. Personnel Services – Non IT Staff: $0
   3. Contracted Services: $0
   4. ITSD Services: $0
   5. Hardware: $0
   6. Software: $0
   7. Telecommunications: $0
   8. Maintenance:

	FY2012	FY2013
BOH	$ 26,357	$ 43,514
PBS8, TBS8, HOME	$ 6,646	$ 7,377

   9. Project Management: $0
   10. IV&V: $0
   11. Contingency: $0
   12. Training:

	FY2012	FY2013
BOH	$ 3,850	$ 4,235
PBS8, TBS8, HOME	$ 3,850	$ 4,235

   13. Other: $0

		FY2012	FY2013
Total Estimated Costs:	BOH	$ 30,207	$ 47,749
	PBS8, TBS8, HOME	$ 10,496	$ 11,612
Total Funding:		$ 40,703	$ 59,361
	Housing Div. $100,064		

IV. Funding

H. Funding
   1. **Fund:** BOH SABHRS Fund 06030

2. Amount:	FY2012	FY2013
	$ 30,207	$ 47,749

   1.Fund: PBS8 and TBS8, HOME SABHRS FUNDS 06074, 06075

2.Amount	$ 10,496	$ 11,612
3. Total Costs:	$ 40,703	$ 59,361
Housing Div. $100,064		

   Cash/Bonded:
   Bill Number:

V. Cost upon Completion

   1. **Operating Costs upon Completion**
     FTE:
     Personal Services Costs:

Operating Costs:	Housing Div.	FY2012	FY2013
		$ 7,700	$ 8,470
Maintenance Expenses:	Housing Div.	FY2012	FY2013
		$ 33,003	$ 50,891
Total Estimated Costs:		$ 40,703	$ 59,361
	Housing Div.	$100,064	

2. Funding Recap

Fund Type:	Housing Division Enterprise Funds		
Amount:		$ 40,703	$ 59,361
Total Funding:	$100,064		

V. Risk Assessment

A. Current IT Infrastructure Risks

1. Current application 10+ years old?   BOH: <u>Yes</u>
   Date of last major upgrade?   BOH: 2001

2. Current application is based on old technology?   BOH: <u>No</u>
   If yes, what is the current hardware platform, operating system, and programming languages used to support the application?

3. Is the agency not capable of maintaining the current application with internal technical staff?
                                                                 BOH: <u>No</u>
   If yes, who supports the application today?   BOH: Vendor (Emphasys), BOH & staff

4. Other IT infrastructure risks?   BOH: None
   If yes, provide further detail.

B. Current Business Risks

1. What are the risks to Housing Division if the project is not adopted?   BOH: There would be significant increases in program compliance and financial reporting risks if software is not maintained. Software updates keep BOH current with changes to Housing industry program compliance and financial reporting. Failure to continue our support agreements would also cause us to forfeit our right to use the software and we would be required to procure this software from a different source, or contract for custom software to be constructed on our behalf.

2. Does the current application meet current business requirements?   <u>YES</u>

If "no", what specific business functions does the application lack?

C. Project Risk Assessment

1. Describe any major obstacles to successful implementation and discuss how those obstacles will be mitigated.

Table H   Risk Assessment (Based on Mitigation Strategy)

Description	Severity (H/M/L)	Probability of Occurrence (%)	Estimated Cost	Mitigation Strategy
Installation-Risk Risk of disrupting existing business process operation	M	10%	Part of Operations	Production Software suite is a commercial off-the-shelf software product commonly used by government housing agencies. Updates are developed and tested by vendor and installed by BOH staff.
Installation-Risk Risk of disrupting existing business process operation	M	10%	See Training line item in Funding Sections (III to V)	BOH follows IT Industry Management Practices: Training should be provided on a regular basis to staff involved in critical business applications. MBOH staff attend annual vendor sponsored training for this purpose.